CHINA WEEKLY

REVIEW

密勒氏評論報

A Weekly Newspaper Established In 1917

Conflict and construction in

CHINA'S NORTHEAST

MILITARY RULE IN OKINAWA

ROBERT P. MARTIN

CHUNGKING MASS MURDERS

PICTURES and STORY

EDITORIALS:

AMERICA AND TAIWAN

CRIMES AGAINST THE PEOPLE

JANUARY 7, 1950

JMP 2,500

LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

SIGNS OF THE TIMES

To The Editor:

With the raising of the American recognition issue we hear such terms as "dignity," "rights," "international obligations," as necessary (if nebulous) factors in such a desired relationship with the People's Republic of China. No, we don't hear "prestige," "privilege," "concession" any more—indicative of a historical step in itself.

But just what does the American in China mean when he says "dignity?" He is still today "sir"-ed and bowed down to by servants who are habituated to the old order of things. He doesn't complain of any loss of "dignity" in their eyes or in those of anyone else. But what he does complain of are these: taxes, from which privilege has always fended him and which are still nothing to compare with what he'd be paying were he in the States today; high prices in terms of his dollars since he no longer manipulates the exchange rate; non-recognition by the Chinese officials which has shifted him almost into the category of an almost ordinary person. Thus his "dignity" is menaced. His "rights" branched into such as evasion of Chinese law, and "international obligations" were what immunized him from that law. These are gone and he complains.

TIENTSIN AMERICAN.

Tientsin
December 23, 1949.

TEACHING ENGLISH

To The Editor:

Ever since the introduction of western ideas into this country, English teaching has occupied an important place in the school curriculum. The English lesson has been next only to the Chinese, and in some missionary schools students have spent even more time on English than on their mother tongue. Not a few were so "foreignized" that they spoke or wrote only in English to their own countrymen, forgetting that they themselves were Chinese.

Such an education is not wanted and should be rooted out in China today when a great social revolution is taking place. I am not a bit surprised when I find my students somewhat cold in their study of the language.

Enthusiasm shown in the study of the Russian language now is really a good sign and should be encouraged. Language is a barrier between two nations and when this barrier is removed there follows better understanding between the two peoples. But there is no strong reason for being indifferent in the study of English. Its teaching should not be a problem child as it seems to be.

We do not study English in order to be compradores or servants of a ruling class under the thumb of foreigners. We study English so that we can understand well the English-speaking peoples, absorb the great thoughts of their great thinkers, keep abreast with what is going on in their countries, learn their latest scientific knowledge. Of course, one can say that we can do the same without knowing English, but we can only resort to the indirect method. We can only read Chinese translations which come out later and which may not be very faithful to the original. If some of us do not study English, who are to be the translators translating from English? The English language is also being studied in the Soviet Union. We must remember that England and the United States are advanced nations, and in spite of the difference of ideologies, we have much to learn from them. Hasn't Chairman Mao Tze-tung taught us that we should learn even from our enemies?

Personally, I think it a great waste for college students who have studied English for more than six years in their middle school days to discontinue their study or study it in an indifferent mood, thinking that English will not be of any use to them in the future. The fact is that the English language will be definitely useful to anyone who can command it.

I do not mean to minimize the importance of studying the Russian language. Russian should be studied as it is today, and in the near future it should replace English in importance in the school curriculum. But we must get rid of the wrong conception that English is no longer useful and therefore we study it half-heartedly if we have to. It is my hope to arouse the interest of those students who have begun it and who need further training. If English is worth studying at all, it is worth studying well. If and when we professors can convince our students of this profit, the teaching of English should not be a problem child!

WU TAO-TSWEN

Shanghai
December 24, 1949

CHENNAULT'S LATEST

To The Editor:

I see by the paper that General Chennault now claims ownership of the China National Aviation Corporation and the Central Air Transport. Has there ever been another case of a so-called government selling airlines it no longer possesses to a private citizen of another country? Will wonders never cease!

E. B. M.

Canton
December 21, 1949

PRACTICALLY UNIQUE

To The Editor:

Six Reviews have just arrived in one batch after a two months' gap. I would like to tell you how much I enjoy reading the Review. I look forward to its arrival keenly. It seems to me (after some slight experience in China with UNRRA) that you are doing the fairest possible job of reporting and interpreting what you see. In such an historic epoch your Review is likely to become an historical record of no mean value. Highest congratulations on a journalism that is so rare these days as to be practically unique.

W. H. P.

Washington, D.C.
October 5, 1949.

CURIOUS RESEMBLANCE

To The Editor:

I was interested in reading in the article on the Philippines by Mr. Robert P. Martin (Review, December 14, 1949) his statement that "The Philippines is a fascinating case history of how foreign aid when inadequately administered often corrupts and weakens a nation instead of giving it strength."

Now I notice in the papers that Quirino, who has just been inaugurated for a new term in office, is preparing to make another trip to the United States to try to get more financial aid and loans.

Mr. Martin says the Philippines "bears a curious resemblance to postwar China." Those of us who have lived in China during the past few years know the answer to that one!

H. S. D.

Shanghai
January 4, 1950

THE CHINA WEEKLY REVIEW

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Vol. 116 Shanghai, Saturday, January 7, 1950 No. 6

AMERICA AND TAIWAN

PRESS reports from London and Washington last week reported that while the British government had about decided to recognize the new people's government of China in the immediate future, the American government had finally decided to resume all-out aid to Chiang Kai-shek in an effort to enable the latter to maintain control of Taiwan.

Although this report has not had any official confirmation, it has not been officially denied. Unnamed US officials were quoted as saying that while no new aid had been decided upon to date, the situation was under "continuous study." If all-out aid should be given, many people will be surprised since all past indications have been that Washington, while still desiring as much as ever to interfere with the normal progress of the civil war, had about given up hope of accomplishing anything with such a poor tool as Chiang.

If Truman and Acheson have had a change of heart and have at last decided to hand over to Chiang the money appropriated for "the general area of China" by Congress late last year, it will be demonstrated once more that America's China policy is made without much reference to the actual conditions prevailing in this country.

It is well known that General MacArthur and a number of other American military men have long advocated the retention of Taiwan in the hands of people considered "friendly" to the United States. Even before the military situation in China developed so obviously in favor of the PLA, some American global planners desired to take Taiwan away from China, making it an American military base. As the position of the Nationalists worsened, this idea became increasingly popular in military circles.

In recent months there has been much confusing talk of America's supporting a Taiwanese "independence" movement aimed at separating the island from China, of supporting Chiang with sufficient arms, money, and advice to enable him to hold Taiwan and, as a third possibility, of declaring Taiwan a United Nations mandate or trust territory until a peace treaty with Japan is signed, at which time the island's final disposition would be decided.

Now, from Washington comes the news that Herbert Hoover and Senator Robert Taft have joined the ranks of those desiring to see the US intervene in China's affairs. Taft is reported to have said that he believed the US should defend Taiwan from any attack by the PLA, while Hoover advocated the use of American naval power, if necessary, to prevent the PLA from occupying Taiwan, the islands in the straits of Taiwan and, possibly, even Hainan Island.

All of this is, of course, nonsense. Taiwan's historical, cultural, geographic and racial ties are all with China. Any talk of its being a separate entity is ridiculous.

The present administration in Washington has, despite considerable sound advice, proceeded to make a mess of its China policy. It has acted in such manner as to prejudice almost to the point of complete loss the good will toward and respect for the American people which the people of China have so long held. This can be regained only by fundamental changes in policy—changes which probably are beyond the scope of the present administration. However, Truman and his advisers can do a little toward rectifying the mess which they have created. They can stop meddling in China's internal affairs, adopting a real hands-off policy. They can withdraw recognition from the KMT and accord it to the new regime in Peking.

However, any further scheming and plotting involving Taiwan can only lead to further disaster.

CRIMES AGAINST THE PEOPLE

EVERY now and then, much to the embarrassment of its foreign supporters, the Kuomintang perpetrates a crime against its own people which cannot be hushed up. Such was the wholesale massacre of political prisoners in Chungking on the eve of that city's capture by the PLA.

For a number of years competent observers of the China scene have known that the KMT was a thoroughly bad regime headed by a thoroughly bad man, Chiang Kai-shek. However, this fact has been kept more or less hushed up so that the voting public in countries such as the United States and Britain would not become indignant. In the world of power politics it was considered expedient for Truman and Attlee, as well as their predecessors, to continue to grasp the bloody hand of Chiang.

From time to time Chiang and his lieutenants committed a crime of such scope or such intensity that it could not be kept quiet. On such occasions there have been a few popular rumblings in countries whose governments continued to aid and otherwise support Chiang. However, in each such instance, time and a generally indifferent press have combined

to dull the public memory with the result that popular pressure abroad was never so sufficiently aroused as to force the various Western governments to alter their relations with the old Nationalist government.

Thus, Chiang was able to "get away" with several decades of oppressive rule without having attached to him the usual amount of opprobrium generally pinned on the head of a fascist state. Ever since 1927 Chiang has been following a murderous course in which the executioner and torturer played a major role. From time to time, when internal opposition to this state of affairs began to create some unity among the oppressed citizenry, measures of wholesale extermination were required and Chiang called out his troops to supplement the usual police forces. Such an instance took place in Taiwan almost three years ago when troops from the mainland swept from one end of the island to the other killing some 5,000 islanders in the process.

Despite the fact that it has become increasingly difficult for Chiang's friends in America and Britain to make excuses for him, they still proclaim loudly that he is fighting for democracy in Asia and attribute his "shortcomings" to the fact that he is engaged in a life and death struggle against "Red totalitarianism."

It seems to us that this farce has gone on long enough. The Chinese Nationalist delegation to the United Nations is frantically attempting to involve the UN in China's internal affairs by making all sorts of wild and unsubstantiated charges against the Soviet Union, as well as against the new People's Government. There is much talk about such things as "constitutionalism," "legal processes," observance of "existing law."

If the United Nations is really desirous of using its influence in the interests of righteousness as well as to help the Chinese people, why does not that organization institute an investigation to determine whether or not the KMT itself is guilty of genocide? There will be plenty of witnesses, both Chinese and foreign, to bear testimony to past atrocities, while the mutilated bodies of some of the latest victims are hardly cold and may still be viewed.

A few pictures of this latest Kuomintang massacre, and an accompanying story, will be found in this issue of the *Review* on pages 93-94.

On December 11, 1946, the General Assembly of the United Nations adopted a resolution affirming that genocide was a crime under international law which the civilized world condemned and that those guilty of it, whoever they were and for whatever reason they committed it, were punishable.

Further, on December 9, 1948, a formal convention on genocide was adopted unanimously by the United Nations. The Nationalist government itself is a signatory to this convention outlawing genocide.

Since genocide is defined as the crime of destroying a group of people because they belong to a particular group, it seems to us that the wholesale extermination of political prisoners could be considered as a violation of this United Nations convention, thus making Chiang Kai-shek and his near refugee regime liable for arrest and extradition should they flee China.

Certainly, the primitive and almost unbelievable practice of killing friends and relatives —even children and infants—of prisoners makes it a crime requiring the urgent attention of the United Nations.

25 Years Ago In *The China Weekly Review*

US Population In China

January 3, 1925

It is roughly estimated at the present time that there are 12,000 Americans in China, including men, women and children, as registered at the various American consulates throughout the provinces, with an approximate estimate of 1,000 in addition, unregistered. This compilation includes those resident in the British Colony at Hongkong and the leased territory of Kwantung, in which Dairen is situated. One-half (according to figures) of the Americans in China is embraced in the missionary population which comprises 4,000 adults, of whom 2,500 are women and 1,500 are men. The children of missionary parentage resident in China number about 2,100. Of the Americans in business in China there are about 1,200 adult men, 700 women and 600 children. In professional work, the figures show 200 men and nearly 300 women and 180 children. In US government service, including officers in the Expeditionary Forces in North China, there are 175 men, 100 women and 90 children. In Chinese government service, 100 men, whose wives and children bring the total up to 225. The figures show about 400 Americans of non-specified occupations. The largest percentage of the American population in China is located at Shanghai, including nearly 4,000, according to a report.

British And American Methods

The British have very much better methods of developing foreign trade than have the Americans. In the first place the British citizen abroad has the real protection of his government. It is not a protection which consists mostly of epigrams about the Constitution following the flag. Not so long ago, a British citizen, Sir Lee Stack, was killed by assassins in Egypt. Within 48 hours heavy penalties had been imposed and British warships had put to sea to enforce payment. Within the past year innumerable acts of piracy and brigandage have been perpetrated upon American citizens in China, many of them being murdered in cold blood, and our State Department is still writing notes about it.

10 Years Ago In *The China Weekly Review*

Cigarette Plants Taken Over

January 6, 1940

The Japanese newspaper, Tairiku Shimbun, organ of the Japanese Army, claimed in a recent article that Japanese cigarette factories are now supplying about 40 percent of the local consumption in Central China, which amounts to about 30,000,000,000 cigarettes a year. Previously the manufacture and sale of cigarettes in this area was monopolized by the British-owned British-American Tobacco Company (Yee Tsoong Tobacco Co.), the report stated.

Japanese Bombs

According to the figures on our record, since the outbreak of the war up to the end of August, 1939, the Japanese have sent out to different parts of China a total of 5,046 bombing expeditions, averaging nearly seven a day, and the total number of bombs dropped amounted to 92,635.

Military Rule In Okinawa

PLA victories in China turn US attention to Okinawa, which, after postwar years of neglect under Military Government, is to become key Pacific defense post.

FOUR and one-half years after seizing this island from Japan, the United States is just beginning to lay the groundwork for Okinawa's economic rehabilitation and eventual self-government. These new plans are being prepared because Okinawa has suddenly acquired prime importance in United States defense plans for the West Pacific.

Without United States food imports, costing US$11,000,000 a year, the island would starve. Every permanent building on the island was destroyed during the battle which took 110,000 Japanese and 8,000 American lives. Few of these houses have been rebuilt. The natives live in slum-like huts, the roofs constructed of tin from destroyed Quonset huts and the sidewalls, for the greater part, made of cast-off lumber.

Appalling Wage Scales

Military Government has sanctioned appalling labor standards for the 40,000 natives employed by the Army, Air Force and Military Government. They are paid an average of 800 yen a month, or US$16.00 at the official rate of exchange. Cooks and maids receive as little as US$8.00 a month.

The average family, however, consumes food which costs 1,500 yen a month. As a result, individuals will not work for private American families unless they receive food or cigarettes. Stealing has increased tremendously as the Okinawans try to keep themselves fed. And smuggling of stolen drugs, soap, cigarettes, aluminum and spare parts to Japan and Taiwan has become a lucrative business.

The highest ranking generals on Okinawa frankly admit "we have made very little progress economically since the war ended," but do not see any immediate solution. Seventy-five percent of the population support themselves by agricultural production. But the terraces for irrigation, destroyed by American bulldozers, have not yet been repaired. In addition, 25 percent of the island's arable land has been taken for military installations.

Repatriates Swell Population

Finally, approximately 110,000 Okinawans who formerly lived in Japan, Taiwan and China have been repatriated, thus tremendously increasing the food problem.

Experts now studying the island's economy see very little possibility of Okinawa becoming self-supporting in the future. Some efforts are being made to increase the export industries, primarily sugar, lacquer-ware and other handicrafts, to reduce Okinawa's dependence on the United States. Imports of fertilizer may also help increase food production.

One of the most depressing aspects of the American rule on Okinawa is the comparative failure of the Military Government to provide technical assistance, improve education facilities and train the people for eventual self-government. Americans on Okinawa estimate that 25 percent of the Military Government officers and civilians are "misfits," men who were sent here from Japan as the best means of getting rid of them.

The Americans apparently decided that because Okinawa had been under Japanese control for 74 years the people should be treated as if they had been conquered. Strict regulations against fraternization were promulgated and all villages were placed "out-of-bounds." The Army theorized that this would reduce the incidence of venereal disease and would also give the island a healthier economy because the soldiers would not be able to buy up all the possessions of the natives as souvenirs. It was hoped this would also check inflation which invariably follows in the wake of free-spending GIs.

As it worked out, American soldiers on Okinawa have the highest VD rate of any post in the world, the island is suffering from acute inflation and the Okinawans have very little left to sell except paintings, handicrafts and pots and pans made from the fuselages of wrecked planes. Moreover, the Okinawans, who know that Japanese and Americans can fraternize, are puzzled by American protestations of democracy.

Americans Suffer, Too

The Americans have also suffered from this non-fraternization order. Okinawa has numerous artisans and skilled workers, especially stone-cutters, but it was only recently that they started organizing these men for urgent construction work. Americans blinked with surprise when an Okinawan contractor built a bridge for US$50,000; if that bridge had been constructed by an American contractor with American labor, it would have cost 10 times that amount.

Despite the obvious failure of American rule, there is little evidence of anti-Americanism. Okinawans are, as a rule, passive and obedient. Approximately 2,000 Okinawans were repatriated from Siberia after they had undergone intensive Communist training. Influential leaders in the three major parties are Communists or Communist-sympathizers. And if economic conditions worsen, these leaders might cause trouble for the American administrators.

The Americans are making a belated effort to correct their past mistakes. Experts of all categories are being sent on temporary assignment from Japan. Those who accept permanent assignments are being paid top salaries, plus 25 percent overseas allowance to compensate for the dreary life.

A four-year program is being drafted to place the country on a comparatively sound economic basis, and reduce the annual subsidy of about 30 million dollars. The wage system is to be revised, and greater facilities for education established. One newly arrived expert said that more had been done in a week than in the previous 12 months to bring order out of chaos. But it will be a long, hard grind before real progress becomes evident and the mistakes of the past four years are corrected.

New Importance

The Army became aware of Okinawa's importance when the Communists overran most of China and moved into position for a possible assault against Taiwan, the big island just 100 miles off China's eastern seaboard. The entire question of Pacific bases assumed urgent importance.

The question came to a head last July when the worst typhoon in 50 years struck Okinawa, killing two Americans and injuring 26 others, destroying 92 houses and damaging almost every Army and Air Force building on the island. The blow graphically demonstrated that Okinawa was untenable as a base unless installations were made typhoon-proof. A number of American officials, including members of Congress, visited the island and flooded Washington with messages urging immediate action. The Army drew up plans to convert Okinawa into a permanent base, and these were approved by the Joint Chiefs of Staff and President Truman.

Okinawa is a sizable base, staffed by 8,000 officers, enlisted men and civilian employees of the Twentieth Air Force, an Army division which is responsible for supply and ground defense, and the Ryukyus Command Headquarters. Okinawa has nine fields, two of them major strips. Three F-80 squadrons and an F-82 all-weather squadron, plus a number of Superfortresses and reconnaissance and rescue squadrons, are on Okinawa. In the event of war, bombers could be brought to Okinawa from Guam, Honolulu or the United States.

Huge Expenditures Required

But the Army's major problem is to build storage facilities, housing and installations which will be proof against typhoons. Some officers estimate that US$150,000,000 to US$200,000,000 will have to be expended on Okinawa, in addition to the currently allocated US$75,000,000, to make the base really typhoon-proof.

— ROBERT P. MARTIN

Robert P. Martin is a correspondent for Overseas News Agency and the New York Post. This article is based on a series of stories he wrote following a recent visit to Okinawa.

CHINA'S NORTHEAST

The northeastern provinces of China, once called Manchuria, have been focus of Asian power politics and China's civil war; are now economic anchor of People's Republic.

WHILE the bulk of the provinces of China, newly liberated, face a year and more of hard struggle before their farms, industries and communications can be brought back into near normal operation, the provinces of the Northeast are forging ahead. The Northeast is an example which the remainder of China will seek to emulate. And, until the rehabilitation of the whole is complete, the Northeast will act as an economic anchor helping to hold the economy of China steady.

The Northeast, once the three provinces of Heilungkiang, Kirin and Liaoning that were called "Manchuria," now comprises the six new provinces of Liaotung, Liaohsi, Kirin, Sungkiang, Jehol and Heilungkiang.

The governing authority is the Northeast People's Government of which Kao Kang is the Chairman. Kao Kang is also a Vice-Chairman of the Central People's Government of the Republic. This relationship illustrates the political direction which the Central People's Government exercises over the Northeast. The six provinces have together a measure of economic autonomy but they are linked with the economic development of the whole of China under the policies of the Common Program of the People's Political Consultative Conference.

Resources and People

The term "Northeast" is used exclusively because the word "Manchuria" suggests that the area is a separate entity and not part of China proper. The word also has imperialist connotations. The people of the Northeast are Chinese, ardent patriots, and reject the illusion, fostered by the Japanese in particular, that they are a separate race having a destiny apart from that of China as a whole.

The Northeast is large. It is almost twice as big as Texas, and it is bigger than France and Great Britain put together. Its heart is a great prairie plain, about 600 miles long and 200 to 400 miles wide, with a fertile soil and a climate favorable to grain-growing. Beneath the rich soil are important mineral deposits, the essentials for the development of heavy industry: coal, iron, dolomite, magnesite, aluminous shale, structural and chemical raw materials, gold and subordinate amounts of silver, copper, lead, zinc, tungsten and less important metals.

Centuries ago, the central plain was the breeding ground for vast herds of horses. Thence came the cavalry of the nomad Manchu warriors who, in 1644, swept south to conquer the wealthy, sprawling empire of the Ming dynasty.

During the Manchu dynasty, the homeland of the Northeast was left sparsely populated and kept as a hunting preserve for the new emperors. It was not until the anti-Manchu revolution of 1911 that the Northeast was thrown open to settlement by the land-hungry people of the south.

Actually, when the great movement north began, the land did not pass to the tillers. The government held several auction sales of the public land and large tracts were acquired by civil and military officials. Most of these new, wealthy lords of the Northeast became absentee owners. The common people, driven north by civil war and famine, had neither the money to buy land nor the tools to work it. They settled down as tenant farmers or farm laborers. Some of them did press on to the poorer land in the far north and over the years acquired small farms. But the pattern of large landholding by wealthy absentee owners generally prevailed.

No systematic statistics on the ponulation movement from other parts of China were compiled before 1923. Existing figures show that prior to 1927 only about 20 percent of the total volume of immigrants stayed in the Northeast as permanent settlers, while the remaining 80 percent were engaged as casual laborers. The demand came from both industry and agriculture. The change from the predominance of casual-labor immigration seems to have taken place after 1927. The figures for 1929, for example, give the number of immigrants as 1,046,291 and the emigrants as 306,621. Immigrants also came from Korea, Siberia and Japan.

However, today more than nine-tenths of the population (estimated at widely varying figures around 40,000,000) are Chinese who came during the last 50 years. The remainder are Mongols (in the western part), Koreans (in the east), Japanese and Russians. The Manchus, never numerous, have practically disappeared as a separate people.

Imperialist Penetration

At the turn of this century, external forces entered the arena in the Northeast. The imperial powers of Czarist Russia, Britain, France, Japan and America became embroiled in this rich and strategic area, bargaining with the weak Manchu court and fighting among each other for rights and concessions.

Czarist Russia was the first to penetrate to any extent. Spurred on by rivalry with the Japanese Empire, it sought military, civil and economic control over the Liaotung peninsula. Threats and local attacks forced the Manchu court to sign the Convention for the Lease of the Liaotung Peninsula, March 27, 1898. This read in part: ". . . the entire military command of the land and naval forces and equally the supreme civil administration will be entirely given over to the Russian authorities. . ."

Czarist Russia, with the aid of French finance capital, began to exploit coal and timber resources and undertook large-scale railway construction in the Northeast. Railways were to be of more than strategic value. With the extension of industry and of grain-growing for the market, demanding good transportation facilities, the railways of the Northeast became a very profitable capital investment.

Britain, the strongest rival of Czarist Russia in the East at the beginning of the century, was entrenched in the Yangtze Valley and in south China. Japan, which even before the Russian penetration had seized Korea and attempted to seize the Liaotung peninsula, was rapidly catching up with the other powers in armed strength and rapacity. Seeking to check the Russians, the British signed an alliance with Japan in 1902 encouraging her to attack in the Northeast. In the following war of 1905, Japan scored a decisive victory over the Russian fleet and defeated the Russian armies at Port Arthur and Mukden.

Struggle for Hegemony

At first the Japanese were not sufficiently strong to bring the whole area under their military and economic control. Russia kept her interest and special administrative rights in the Chinese Eastern (Changchun) Line. And other powers demanded access to the Northeast. From the point of view of hard cash alone, the United States of America was not to be denied.

Israel Epstein, in his book "China's Unfinished Revolution," recounts an interesting detail about an American Consul at Mukden in the first decade of this century: "Willard Straight, an expansionist disciple of Admiral Mahan and Theodore Roosevelt, was at that time Consul at Mukden. According to the well-known historian, Professor A. Whitney Griswold of Yale, Straight 'made his consulate a high pressure agency for American commerce. With the Harriman railway interests he schemed to build in Manchuria a link of a round-the-world railway system.'" Straight and the Harriman group, in alliance with the Morgan bankers, did finally wring some favors from the tottering Manchus and built a railway.

Factors both external and internal worked to turn the Northeast into what has been called a "cradle of conflict." Each imperialist power sought predominance in the area. Within China, as the ferment of revolution spread from 1911 on, rival cliques and groups sought influence and control over the Northeast. Naturally the imperialist powers took sides with that clique or group which would support their individual claims. Thus the internal conflict was intensified. For example, when the anti-Manchu revolution of 1911 began, the American government found itself on the side of Manchu despotism because the Manchus had granted some concessions to American interests.

The powers were not antagonistic towards a despotic regime which they could bend to their will, but all were opposed to awakening Chinese nationalism and anything that looked like a strong, popular central govern-

ment. After 1911, the powers used economic pressure to prevent Dr. Sun Yat-sen assuming the presidency but extended support to the corrupt, ambitious Yuan Shih-kai. All fought to keep China in a semi-colonial condition and to expand their economic and strategic holdings. During the First World War, Japan in particular, increased her hold on the Northeast.

A Fundamental Change

A far-reaching change in and deepening of the conflict in the Northeast took place with the triumph of the socialist revolution in Russia in 1917.

It was the policy of Lenin and the Bolsheviks to annul all the Czarist unequal treaties. This they did. All the special administrative rights held by Russia in the Changchun line were renounced. The economic investment was not renounced, but the civil administration and military protection of the jointly-owned railway became exclusively Chinese.

Thus one segment of imperialist domination was obliterated and the possible unification of China under a strong central government accordingly advanced.

But, at the same time, the Northeast became a strategic springboard from which the remaining imperialist powers might launch attacks against the "menace of Communism" as embodied in the new Soviet state.

The Czarist General Horvath had forces in the Northeast. The imperialist powers continued to recognize his authority over the Changchun line, flouting the interests of both the Soviet Union and China. The policy of encirclement of the Soviet Union drove the powers to encroach upon China's sovereignty in the Northeast.

Because the powers regarded the Northeast as a base against the Soviet Union, they were not averse to its separation from China if necessary.

It was the emergence of a socialist state in Russia and the imperialist counter-policy of "containing communism," with all its strategic implications, that compelled a fundamental change in Chinese-Russian relations.

In this light, the will of Dr. Sun Yat-sen, with its insistence upon friendship with the Soviet Union, is perfectly understandable. The first great leader of China's struggle for national independence said:

"I wish to express the fervent hope that the day may soon dawn when the Union of Soviet Socialist Republic will greet, as friend and ally, a strong and independent China, and the two allies may together advance to victory in the great struggle for the liberation of the peoples of the world."

Japan in the Northeast

Japan, armed and industrialized, became the imperialist power destined to lead the assault against the Soviet Union in the Far East. (It is no coincidence that Japan was also the power most interested in the dismemberment of China.)

Japan led the intervention against the new Soviet state in Siberia. It is said that the United States was so alarmed at the extent of Japan's encroachment and territorial designs that the American intervention forces under General Graves did more to restrain Japan than to weaken the Bolsheviks. The strength of the Soviet Red Army and the restraint of the other powers, forced Japan back.

In the period up to 1931, Japan persistently attempted to separate the Northeast from China. The Northeast was at first under the control of the warlord Marshal Chang Tso-lin. From 1925 to 1928, the forces of the national-revolution movement marched against the northern warlords in an attempt to bring all China under their control. Japan repeatedly and forcibly obstructed this movement. When, in 1928, Marshal Chang indicated that he would accept the new central authority, the Japanese organized his assassination. Upon his father's death, Chang Hsueh-liang, the "Young Marshal," took over in the Northeast. In spite of continuous Japanese pressure, Chang Hsueh-liang announced his allegiance to the central government.

In 1931, Japan attacked and seized the Northeast.

The great powers acquiesced for two reasons: They had no particular desire to see China unified even under the Nationalists, and, in their blind hatred of the Soviet Union, they wanted nothing better than a Japanese assault against the Soviet Far East. It was an early example of the application of the "Munich" principle. The defeat of the early intervention against the Soviet state had in no way altered the basic policy of encirclement.

But, as experience has taught, history cannot be made to order. The Soviet Union proved too strong for Japan. The assaults at Changkuseng and in the Lake Khassan area bloodied the noses of the Kwangtung army generals and sent them after easier game. Similarly, the attempted conquest of the whole of China awakened such unparalled national unity and resistance in China that the Japanese plans were stalled.

Thwarted in two directions, the Japanese militarists turned upon their fellow imperialists in the Pacific.

In their long and desperate adventure the Japanese militarists used the Northeast as an economic and military base.

Under Japanese Occupation

What happened within the area during this period is of great interest.

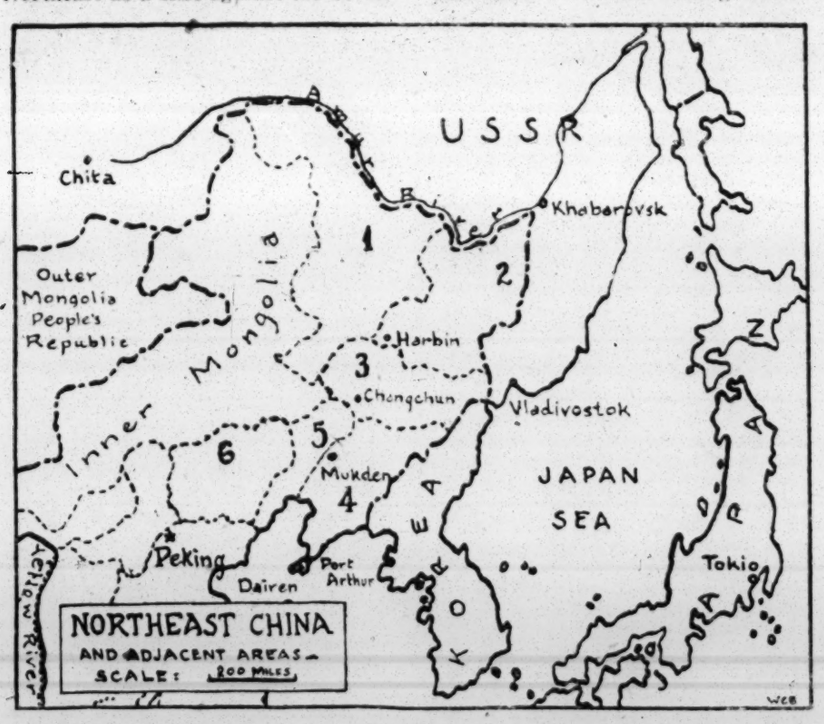
At the beginning, the conquerors brought in armed Japanese farmers. To provide for these men some land was bought and some commandeered. Later the farmers brought in their families, expanded their holdings and eventually grew to number some 500,000 persons. Hundreds of thousands of Korean laborers were also brought in for farms and industry.

The Chinese landowners who did not flee became almost exclusively puppets of the Japanese.

The Chinese peasants became poverty-striken slaves. A transition from kaoliang (millet) growing to soy bean and cotton cultivation for export was forced upon them. The Japanese masters, the numerous middlemen and the puppet landlords fattened while the peasants became poorer.

The land came under the control of the Japanese: coal and iron mines and industry likewise.

Coal is found in the Northeast from north to south. The total possible coal reserve is estimated at the figure of 9,000,000,000 tons. The original content of the Fushan field alone is set



The above map shows the new six provinces of northeast China which are under the Northeast People's Government. They are 1) Heilungkiang, 2) Sungkiang, 3) Kirin, 4) Liaotung, 5) Liaohsi 6) Jehol. *Map by William Berges*

at approximately 1,000,000,000 tons with about 90 percent remaining to be mined, according to statistics compiled during the Japanese occupation.

It must be said of the Japanese that they carried out bold geological surveys and built up production considerably. Plans called for a production of 5,000,000 tons of coal from the Fushan field in 1941. It is reported that total coal production in the Northeast was built up to some 30,000,000 tons annually during the war.

The second most important mineral in the Northeast is iron. The two main centers of production at Anshan and Penshihu use local ores. During the Pacific war, pig-iron production was estimated to have been increased to 3,000,000 tons, with a potential steel output of one half that much.

The Japanese increased production, but it was production for war. The preparation of aggressive war was the motive force behind Japan's industrial development of the Northeast and, consequently, industry developed in a lop-sided manner.

It was further limited and unbalanced by the policy under which the finishing of practically all industrial products was done in Japan. The industries of the Northeast were tied to Japan's economy. Locally-made locomotives, for example, had to be installed with Kobe-made automatic controllers. The dismemberment of China was economic as well as political. And the Japanese prevented their Chinese workers from acquiring any advanced technical knowledge. The Chinese were the labor force: the Japanese, the technicians and organizers.

Defeat of Japan

Resistance to the Japanese began when Japan attacked. The armies of Chang Hsueh-liang fought and retired into the provinces to the south. Communist groups among the city workers went out into the countryside and organized peasant guerilla bands. The Communists became the backbone of the guerilla forces, merging into the United Anti-Japanese Volunteer Army.

Chang Hsueh-liang, the Young Marshal, preached united resistance to the Japanese, and it was he and his followers who imprisoned Chiang Kai-shek in Sian until they with the Communists had shown the Generalissimo the strength of the popular desire for resistance. The people of the Northeast were among the foremost patriots in China for they had the most bitter experience of imperialism.

Resistance in the Northeast met with varying success. The armed Japanese farmers were, over the years, forced gradually back by the unfamiliar difficulties of farming in that area and by the pressure of continuous guerilla attack. In 1942, the 8th Route Army began to penetrate the area. As the Russian armies launched their offensive in 1945, the 8th Route, already in the southwest, and the 4th Route in Shantung, fought their way north disarming the Japanese as they went. General Lin Piao welded all the popular forces together into the Joint Democratic Army. In 1946 he had about 300,000 men, half from the Northeast and half from north China, under his command. Chiang Kai-shek still held the Young Marshal prisoner.

From the Russians Lin Piao said he received: "No troops, no arms, no advisers." The Russians brought nothing to the Northeast but liberation: they took nothing away that belonged to the Chinese people prior to the Japanese occupation. They took what has been variously totalled as between 10 and 25 percent of the plant installed by the Japanese. This was mainly war-potential industrial machinery.

The Russians confined their attentions to the railways and big cities. In the rural areas the guerillas got the Japanese arms. In Mukden, it is said, the populace seized Japanese arms and equipment before the Russians could act.

The Russians handed over towns to the Nationalists, whom they recognized as the sole legal government of China, confirmed in the 1945 Sino-Soviet Treaty of Friendship and Alliance.

On the other hand, they refused to disarm the irregular guerilla forces in the countryside, this being outside the scope of the Agreement Regarding the Relations Between the Soviet Commander-in-Chief and the Chinese Administration, signed in August 1945.

By the end of May 1946, the last Red Army forces had withdrawn. They pulled out Russian nationals and railway workers and administrators and handed over authority to the Nationalists. They had even delayed their withdrawal twice at the request of Chiang Kai-shek. When they had withdrawn, they closed the border, enforcing extremely rigid regulations so that there could be no suspicion that they might be surreptitiously aiding the popular forces and the Joint Democratic Army.

Sino-Soviet Treaty

There had not been the slightest change in Soviet foreign policy since 1917. It was based on recognition of and friendship with a strong central Chinese government exercising authority over all China including the Northeast.

CHUNGKING MA

BEGINNING in October and continuing right up to the capture of Chungking by the PLA, the Kuomintang officials in the city, reportedly upon the direct orders of Chiang Kai-shek, carried out a mass extermination campaign against liberals, progressives, communists and other elements known, or even suspected of being out of sympathy with the old regime. While these last minute revenge killings are nothing new, having been carried out by the KMT in other cities such as Shanghai and Taiyuan, the Chungking murders were the largest and the most ruthless of any to date.

So far there has been no exact tabulation of the number of people killed during the reign of terror, but it is known that the figure runs into the thousands.

On November 27-28, just prior to the city's fall, the executioners speeded up their work and some 200 prisoners were killed on those two days alone, bringing the total for the two months period to more than 700 known to have been butchered at a number of concentration camps located in the city's western suburbs.

The victims ranged in age from a nine months-old baby, the child of one of the prisoners, to men more than 70. Among those killed were General Yang Hu-cheng, who took part in the Sian Coup 12 years ago and who ever since had been a personal political prisoner of Chiang Kai-shek. Killed along with Yang was his 20 year-old son, who had been mutilated before death. Buried nearby were the bodies of General Yang's secretary, Sung Chi-yuan, and his wife and son. Others killed included Hwang Shieh-sheng, a former subordinate of Chang Hsueh-liang, the leader of the Sian Coup; Chou Chun-shih, well-known scientist and former president of Tung Chi University in Shanghai; Wang Pai-yu, former publisher of the *New Szechuen Daily;* plus a number of students, teachers and others.

Businessmen and other travelers arriving in Shanghai on the first ship from Chungking since the city's liberation reported that the greatest loss of life occurred in the villages of Liu Chai Tai and Kwan Chia Tai, when special KMT demolition troops without warning blew up the Num-

This fact underlay the signing of the Sino-Soviet Treaty of 1945, the details of which had been agreed upon by the Big Three at Yalta, and which the Nationalists signed after continuous consultation with American diplomats in Chungking.

The Sino-Soviet Treaty was aimed primarily at a resurgent Japan. That Japan constitutes a potential menace is plain from the past as well as from the fact of her continuing economic predominance in Asia. The rapid revival of Japan's economic strength (comparable with the revival of West Germany) in postwar years, gives added point to the Sino-Soviet Treaty.

This Treaty was also aimed at the stabilization of the Central Nationalist government and the strengthening of relations with the other great powers. Peace in China, and lasting peace among the United Nations, was the principle upon which it was based. The signatories of the Treaty pledged mutual help in the case of future aggression against either and agreed "not to take part in any coalition whatsoever directed against the other."

With the Treaty, agreements were signed concerning Port Arthur and Dairen. The Soviet Union requested certain privileges in Dairen because the Soviet Far East does not possess an ice-free port. Dairen was declared, by agreement, "a free port open to the commmerce and shipping of all nations." The administration was to be in the hands of China. The harbor-master was to be a Russian national and, at the request of the Soviet Union, the Chinese Government leased to the Soviet Union free of charge one half of all port installations and equipment for 30 years. This type of agreement between sovereign states can be compared to United States agreements regarding the Panama Canal zone.

The Agreement on Port Arthur reads: "Article 1—With a view to strengthening the security of China and the USSR against further aggression by Japan, the Government of the Republic of China agrees to the joint use by the two countries of Port Arthur as a naval base. . . Article IV —The Chinese Government entrusts to the Soviet Government the defense of the naval base. The Soviet Government may erect at its own expense such installations as are necessary for the defense of the naval base. Article V—The Civil Administration of the whole area shall be Chinese. The leading posts of the Civil Administration will be appointed by the Chinese Government taking into account Soviet interests in the area. . ."

The whole trend of the 1945 Treaty indicates the community of interest existing between the Soviet Union and China in maintaining peace in the Far East and in preventing any further imperialist attacks against the sovereignty of China.

Why Civil War Began

However, the integrity and sovereignty of China was not to be obtained through foreign treaties alone. Independence could only be guaranteed by the establishment of a strong, democratic and popular central government within China, a government pledged to end civil war and to promote economic reconstruction.

The Nationalists had their chance. The Chinese Communist Party was in favor of immediate peace and conciliation. The world situation demanded peace and all people of China demanded peace. Basing itself upon popular support, the Chinese Communist Party could not advocate a civil war that would only bring disaster to China's economy, set back recovery, weaken the state, and thus open China to further imperialist penetration.

The Joint Democratic Army was in control of some areas in the Northeast and provisional democratic governments for liberated provinces had been set up. In north China there were areas liberated from the Japanese and under the control of Yenan. As far south as the West River and Hainan Island there were guerilla forces formed during the period of the anti-Japanese war and now under the control of provisional democratic administrations or guerilla military commands led by the Communist Party.

The Nationalists controlled the bulk of China and had vastly superior military forces.

The Nationalists were faced with three alternatives. The first: To convene a popular Political Consultative Conference for the election of an all-party government, release political prisoners and reform the Kuomintang's clique-ridden administration. In this event, the Communist Party was prepared to turn over the areas under its control and its military forces to the new all-party government. The second: To come to local arrangements with the various liberated areas, sign truce agreements and so recognize a sort of *status quo*. The third: To attempt the military subjugation of the liberated areas.

From the beginning it was apparent that the Nationalists would not accept the first alternative.

But at times, particularly under American mediation, it seemed as though some attempt was to be made to reach truce agreements, to take the second path. In some parts of China agreement was reached.

Yet those concerned were quick to realize that truce agreements were being used merely to regroup and build

G MASS MURDERS

ber 21 Arsenal at 10:00 p.m. on the night of November 29. More than 2,000 people were killed, including, ironically, a brigade of about 500 KMT troops quartered in the two villages. The explosion rocked Chungking, some eight miles away, shattering windows of houses in the western districts of the city.

Picture at extreme left, taken at the Tsao Tze Tung concentration camp, shows bodies lying on the ground preparatory to being put in coffins by PLA. Some 300 prisoners in this camp were shot by KMT guards who then set fire to the buildings. Witnesses reported that the guards went from cell to cell, firing through the doors with tommyguns and other automatic weapons. In the ruins of some cells it was impossible to find an intact corpse for burial since the fire, plus the tumbling walls and roofs had scattered arms and legs in the debris. This camp was located a few miles up the Chialing River west of Chungking near the suburban town of Tze Chi Kow. In the background of the picture, one of the camp's watch towers may be seen still standing.

Picture at center left is of the body of Chou Chun-shih, former president of Tung Chi University, after it had been exhumed by the PLA and cleaned in preparation for a decent burial.

Center right shows a few of the bodies of the people killed at the Pei Kung Kwan camp, also located up the Chialing River to the west of the city. In this camp Wang Tsenghya and his family, including his wife and two children, one two years old and the other a baby of nine months, were killed. Just prior to their execution, Mrs. Wang begged the executioners to shoot her twice, "to make sure," but to spare her two children, allowing them to be taken by friends. The guards refused and shot the whole family.

Extreme right shows several of the coffins assembled at Pei Kung Kwan. At the right of picture, resting on top of two other coffins, may be seen a child's coffin. About 200 political prisoners were executed at this camp.

These pictures were brought to Shanghai by a secretary of the Chungking YMCA.

up forces for future attacks. In his White Paper, Dean Acheson explained America's role in the affair thus: The United States "attempted to assist in working out a modus vivendi which would avert civil war but nevertheless preserve and even increase the influence of the National Government." The so-called truce makers helped one side.

But, by June 1946, the Nationalists had launched full-scale civil war. The third and fatal alternative was chosen. The Nationalists were riding the tiger.

Where did the blame lie, for blame there must be?

Vandals and Strategists

THERE were two factors. Firstly, the ruling groups of the Kuomintang were, as General Marshall said: "On the side of the National Government, which is in effect the Kuomintang Party, there is a dominant group of reactionaries who have been opposed, in my opinion, to almost every effort I have made to influence the formation of a genuine coalition government. This has usually been under the cover of political or party action, but since the party was the government, this action, though subtle and indirect, has been devastating in effect." The Kuomintang reactionaries wished only to preserve their absolute power and enrich themselves through the exercise of this power. The welfare of China was not even a secondary consideration.

Bureaucratic capitalism has been no mere political slogan in postwar China. The Nationalists were both incapable of organizing and unwilling to undertake the reconstruction of the national economy. Speculation replaced production. The Kuomintang cliques made no effort to restore industrial production and they let the countryside go to rack and ruin. Overseas aid went into the pockets of the bureaucrats.

In the Northeast, the Nationalist "recovery armies" seized grain and livestock on a large scale. Industrial production fell to pieces when Kuomintang civil and military officials took over. In the absence of any constructive plan and national control, the Kuomintang officials who had jurisdiction over industrial areas and concerns were free to strip and sell plants and raw materials. The depredations of the Nationalists did great damage to the economy of the Northeast, as well as to the whole national economy.

The result was that the Chinese people were driven to the point where they could no longer tolerate Chiang Kai-shek's regime. Communists or no Communists, the people were ready to revolt. The Nationalists could only resort to violence and further repression.

The second factor was America's strategic interests in China and the Northeast as a base against the Soviet Union.

American relations with the Nationalist government were very close indeed. It is enough evidence to note that official figures issued from Washington at the beginning of 1948 put aid given to Chiang after VJ Day as $1,400,000,000. Warships, other vessels and ammunition amounted to $800,000,000 (according to a Washington *Associated Press* dispatch, February 25, 1948). Undisclosed aid is assumed to be much higher.

After VJ Day the American army undertook what was then the biggest airlift of all time transporting Kuomintang armies to various civil war fronts. Truman said officially that the transport of four Kuomintang armies alone to the northeastern front cost the United States $300,000,000.

Why did America spend such colossal sums to ensure overwhelming Nationalist military strength in the Northeast?

Examining the matter coldly, it seems that the following extract from a report issued by the influential Foreign Policy Association in New York on November 15, 1947, gives the answer:

"In Washington, China is viewed primarily as the strategic factor in the relations between the United States of America and the Soviet Union. . . In a military sense, China along with Southern Korea thus becomes an adjunct of Japan. Since Nanking has proved that it is unable to bring an entire country under its rule, policymakers are encouraged to think of China not as a unit but as a composite of bases and zones of varying military significance. . ."

It is not to be imagined that the Nationalists were simply the willing tools of American imperialism, and that Nationalist armies executed all their moves at Washington's command. The Kuomintang cliques were playing their own game of loot and aggrandizement. Nor is it to be imagined that the United States Government and its military staffs had well-defined strategic plans. For one thing, after Hiroshima, American military leaders were hypnotized by the possession of the atomic bomb and for a long time were unable to think in terms of military actualities.

Further, America had an economic as well as a military interest in China. The various trade and commercial agreements from 1946 through 1948 were of some importance to the United States Government. The Sino-American Bilateral Agreement signed on July 3, 1948, stipulated among other things that: "The government of China will facilitate the transfer to the United States for stockpiling and other purposes materials originating in China which are required by the United States of America as a result of deficiencies or potential deficiencies in its own resources. . ."

But, with these economic considerations and confusion of strategic planning, there was the underlying thought of the "policymakers" that China was not a nation, a people who desired life, liberty and happiness, but a series of military bases for the encirclement of the Soviet Union, with the Northeast the key base of them all.

Concession at Changchun

EARLY on, it must have been obvious that Chiang would have to fight stiff battles to destroy the Joint Democratic Army. The American Army Air Corps airlifted the troops he apparently needed. America staked out a claim at Tsingtao, on terms which have never been made public.

In 1946, some groups in the United States and Congressman Judd were suggesting United Nations trusteeship over the Northeast. This would have put an end to the Sino-Soviet Treaty and, as things stood in the United Nations, given America considerable influence in the area.

The overall situation in the Northeast in May 1946 was this. The Russians had withdrawn. Under the cover of truce talks, the Nationalists, with American assistance, were building up superior military forces. The Communist Party and the Joint Democratic Army were holding their ground and calling for peace and staus quo truce agreements.

As the price of peace the Nationalists demanded that the Joint Democratic Army withdraw from Changchun, a major city under its control.

On May 22, the Joint Democratic Army evacuated Changchun. The Army said in a statement issued regarding the withdrawal: "We have done so not because we had no force to defend Changchun; we withdrew voluntarily to see whether the Kuomintang is sincere in ceasing hostilities and realizing peace . . . but there is a limit to concessions."

The Nationalists entered Changchun. And then they demanded Harbin and Tsitsihar. Generals Li Tsung-jen and Pai Chung-hsi sent a petition to Chiang Kai-shek requesting him to take over control of the whole of the Northeast. Chiang was willing. But the Joint Democratic Army decided that the limit to concessions had been reached. The Nationalists launched attacks. The civil war had begun in earnest.

Victory of the People

AMERICAN influence in the subsequent struggle for the Northeast did not stem from a single consistent policy. In 1946, the groups in America who advocated a "preventative war" against the Soviet Union were not able completely to undermine the Yalta-Potsdam policy of Roosevelt in which lasting peace was envisaged. Then there was a cleavage between those who wanted war soon and those who simply considered it a possibility in the future.

The present situation in which Republicans, General MacArthur and others are advocating direct intervention in Taiwan, while the Democratic Administration is not prepared to go so far, is something of the situation at the time of the struggle for the Northeast after civil war began in 1946.

As early as June 1947, Wedemeyer's Military Advisory Group advised Chiang Kai-shek to withdraw his armies from the Northeast and defend north China. Wedemeyer also made some suggestions about a United Nations trusteeship over the Northeast, a desperate measure to secure American control.

But other American groups advised Chiang to hold on to the Northeast because it was the best region for possible American military operations on the East Asian mainland. Major-General Claire Chennault wrote in the Scripps-Howard press: "We cannot afford to let Manchuria go under unless we are prepared to surrender the world." This conception is reported to have had the support of Republicans and General MacArthur.

Various groups exerted pressure on Chiang. He himself made the decision to attack, in his incredible meglomania imagining that he could successfully oppose the will of the Chinese people.

Both Chiang and his advisers were straws before the wind.

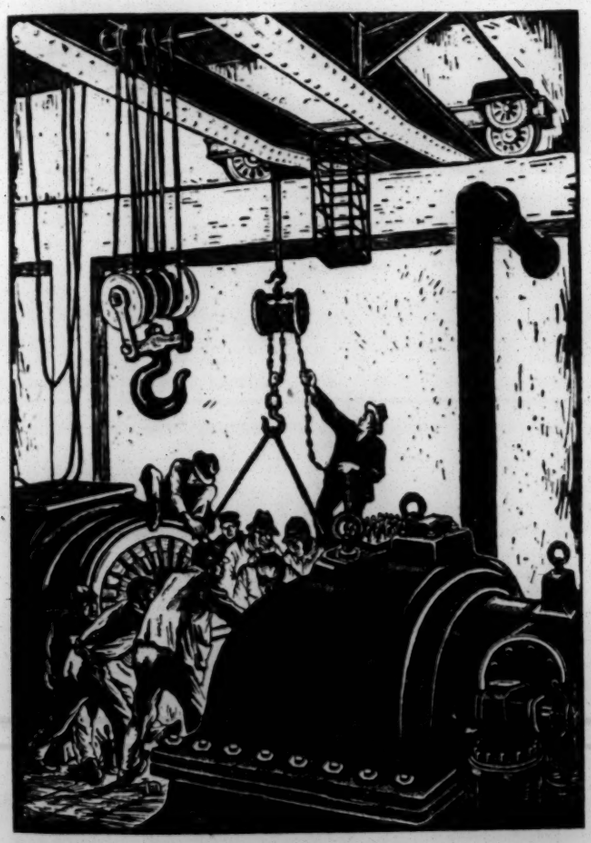
In July 1946, the Northeast Bureau of the Communist Party and the Joint Democratic Army began a broad land reform movement. A great deal of land nominally belonged to the Japanese and to big puppets. This land was subject to immediate confiscation. Because of the whole nature of the absentee landholding system in the Northeast, and land confiscation during the Japanese occupation, land reform was popularly supported and went ahead rapidly. At first the best officers and men of the Joint Democratic Army took part in the work. It is said that Lin Piao considered the movement more important than winning or losing a few battles. Indeed, as fighting progressed, the Joint Democratic Army drew immense strength from the popular support it won through land reform. Victory was to lie with those who helped the people and fought for the people.

By February 1948 Chiang had completely lost the initiative in the Northeast. He had in fact lost the initiative as far south as the northern approaches to the Yangtze. By October 1948 the Joint Democratic Army (now called the Northeast People's Liberation Army) had put out of action 540,000 Kuomintang troops.

No amount of American aid and advice could stem the tide. The people of China were standing up. The liberation of the Northeast had made certain the liberation of all China.

* * *

SINCE its liberation the Northeast has progressed rapidly. Land reform has been completed, communications have been restored, and industrial plant is being rehabilitated and improved.



Li Hwa (李樺)

With the completion of two new irrigation projects from the Liao and Sungari rivers, this year's grain production will be increased by 500,000 tons.

The Dairen Industrial Exhibition which opened on September 18 of this year included products of the restored railway, machine, shipbuilding, weaving and chemical industries. In the machine industry pavilion stood a 6-ft. turning lathe, product of the Dairen Kwanko Machinery Plant. Before liberation this factory could make only machine parts. Industry is being overhauled to serve China's national needs. Emphasis is on making machines to make machines; and on the training of skilled technicians to do the work.

Recruits have been drawn from other parts of China and, to help speed up the training of technicians, Soviet industrial experts are being employed in the Northeast. It was announced that 200 Soviet experts had come to China, but this figure includes those working throughout China.

These Soviet experts work under Chinese direction and accept the same conditions as their Chinese opposite numbers. They have come for a limited period. Those who have worked with them praise their knowledge and patience. A Chinese executive of a Northeast rubber factory said of the Russians: "They are mostly older men, forty years of age and over. They are really above the grade of engineers. Many speak English and German. They are very patient. They demonstrate everything with their hands. They explain everything three times."

In Dairen and Port Arthur, 14,000 workers have been trained as technicians and engineers, and 115 as factory manager-administrators.

The Soviet Union has also signed barter trade agreements with the Northeast, prior to the establishment of the Central People's Government. In July, 1949, a trade agreement was signed with the Northeast People's Government which provided for the supply to China of industrial equipment, oil, motor vehicles, piece goods, paper and medical supplies and instruments in exchange for soy beans, vegetable oil, maize and rice.

Speaking on Sino-Soviet relations and on this barter agreement, Hu Yu-tse, well-known commentator, said over the Peking Radio on August 9: "It (the Soviet Union) has fully preserved and respected the sovereignty of China and the interests of the Chinese people. The Soviet Union does not, like the United States, plan by all possible means to make the Northeast a colony."

United States Government spokesmen, such as Philip Jessup, have recently concocted a theory that the presence of Russian industrial experts in the Northeast and Soviet aid to China constitutes a violation of China's sovereignty. It is obvious that Jessup, like other "policymakers" before him, has been conditioned to think of China as a series of bases, and of "aid" as a means to extend control over the economy and politics of other nations.

It is probably useless to point out to such people that Soviet foreign policy since 1917 has never been opposed to the development of a strong and independent China; and that the People's Republic of China regards the Soviet Union as a valuable friend and ally.

Historically, the two countries have strong mutual interests. Today, the socialist system in the Soviet Union and new democracy in China guarantee that there will be no future conflict of interests. Socialism and new democracy are not based upon competition: therefore neither state has the slightest fear of economic rivalry. Soviet aid will strengthen both. That is why the Soviet Union is providing China with what it needs to become strong and independent.

With Soviet help it is expected that China's recovery will be fairly rapid.

* * *

INDICATIVE of the progress in the Northeast was the information given by Li Fu-chun, vice-chairman of the Northeast People's Government, in his report to the Central People's Government Council on December 2.

During the last four years, he said, northeast China has passed from having a huge budgetary deficit to achieving a balance of revenue and expenditure. Prices have been comparatively stabilized and the total note issue has been reduced.

Four reasons are given for the achievement of relative stability: 1) That the area has had a period of peace. 2) The area is rich in natural resources and has an industrial foundation. The restoration of communications has enabled an interflow of goods between city and countryside. The proportion of state owned economy, occupying a leading position in the national economy, is greater than that of other places. 3) Land reform is completed. 4) The Northeast has its own currency that will not be affected by inflation in other areas. Money has been called back by a high rate of interest and the issue of government bonds.

The most significant point made by Li Fu-chun is that the Northeast hopes to reach the 1944 level of production in three years' time.

The immediate plan for the Northeast is that it should keep its budget balanced, that it should increase its investment in heavy industries, that it should support the liberation war in the rest of China and help the rehabilitation of the whole country.

The Northeast is the firm industrial base and an example for the whole People's Republic. As Li Fu-chun said in his speech: "Experience in the Northeast teaches that all China can travel along the road of construction in one or two years' time."

— *F. K. N.*

NEWS OF THE WEEK

Chairman Mao Interviewed; India Recognizes; US Taiwan Policy

PLA columns under General Liu Po-cheng are reported to have reached the outskirts of Kunming, capital of the far-western province of Yunnan.

Earlier, Kunming was reported under attack by remnants of the Nationalist 8th and 26th armies, and PLA troops in forced marches were rushing to relieve the seige.

The city is held by General Lu Han, former Governor of Yunnan, who recently defected to the Central People's Government.

One hundred kilometers east of Kunming, the PLA liberated three highway county-seats, Chanyi, Kutsing and Luliang in three days up to December 25, taking prisoner over 5,000 Kuomintang troops.

This followed the order issued by Generals Liu Po-cheng and Teng Hsiao-ping, Commander and Political Commissar of the People's Liberation Army's Southwest China Headquarters, to a PLA main force to make a forced march to reinforce General Lu Han, ex-Nationalist Governor of Yunnan, who reported that the remnant Kuomintang 8th and 26th armies of Li Mi and Yu Cheng-wan had disobeyed instructions and launched an attack upon Kunming.

A warning has been sent by Generals Liu Po-cheng and Teng Hsiao-ping to officers and men of these Kuomintang armies, calling on them to revolt and come over to the side of the people before it is too late.

* * *

Domestic Airlines

THE Central People's Government has approved the resumption of two domestic airlines during the month of January, 1950, Mr. C. Y. Liu, managing director of the China National Aviation Corporation, wrote to the CNAC staff in Hongkong, according to a special report from Peking. These two airlines will link up Tientsin and Canton via Chengchow, Hankow and Hengyang, and Tientsin and Chungking via Sian.

Technical problems relating to the resumption of the service, such as ground units, tele-communication facilities and fuel supply, are being tackled with the assistance of the People's Government.

Mr. Liu said further that the People's Government had consented to send former airline employees within the country, at present attending educational courses, to work at various airfields to meet the exigencies of the resumption of service. Of the some 1,450 CNAC employees now stationed abroad, a portion will go to Canton for study courses before they are appointed work, while the remainder will continue to look after the properties of the airline company.

* * *

Railway Service Resumed

TRAFFIC will be resumed along the whole line of the 1,212 kilometer-long Peking-Hankow Railway for the first time in 13 years on New Year's Day. Traffic was resumed on the 1,384 kilometer-long Canton-Hankow Railway on December 28, two and one-half months after Canton's liberation.

With the resumption of traffic over these two lines, a passenger can travel by train from Manchouli, a city on the Sino-Soviet border in the Northeast, through Harbin, Mukden, Peking, Chengchow and Hankow to Canton.

An express train will run between Peking and Hankow daily.

The Lunghai Railway will extend its service from Sian to Hsuchow on New Year's Day, a Peking report said.

The Tatung-Puchow Railway in Shansi Province has resumed its run northward to Shihchiachuang and southward to Fenglingtu on the bank of the Yellow River.

Through train service from Shanghai to Canton is scheduled to start on January 5. Passenger tickets from Shanghai to more important stations along the Chekiang-Kiangsi Railway and the Hengyang-Canton section of the Canton-Hankow Railway are now available. The whole trip from Shanghai to Canton will take four days and four nights.

* * *

1950 Agricultural Plan

THE main agricultural targets of new China in 1950 are: increasing of grain output by 5,000,000 tons, growing of 650,000 tons of raw cotton and raising the output of other industrial crops and farm products for export.

These targets were set in a plan worked out by the National Agricultural Production Conference convoked by the Ministry of Agriculture, which recently came to a close after a 13-day session in Peking.

"In order to ensure the fulfilment of the plan," said Li Shu-cheng, Minister of Agriculture, in his concluding report, "organizational work is of paramount importance. For this purpose, attention must be devoted to publicizing the government policy of encouraging production, developing further mutual aid and productive cooperation according to the principle of voluntariness, and mobilizing women to take part in agricultural production on a large scale."

He pointed out: "Improved agricultural technique based on the present conditions should be widely put into practice on the farms and all government workers in the countryside and all agricultural research workers must take this as their constant and important task."

"Aside from promoting mutual lending of loans among the peasants themselves, the People's Government will invest in agricultural production and grant loans to the peasants when necessary. Attention will also be paid to channelizing private capital into investments in agricultural construction."

"In areas devastated by war or floods," continued Minister Li Shu-cheng, "the People's Government must organize and assist the peasants in self-help by engaging in side-occupations and transportation, while at the same time, preparing for winter sowing and next years' cultivation."

* * *

Chairman Mao Interviewed

A REPORTER of the *Tass News Agency* was granted an interview by Chairman Mao Tze-tung in Moscow, according to a *Tass* dispatch dated January 2. The interview took the form of questions and answers, as below:

Question: What is the situation in China at present?

Answer: The military situation in China is progressing smoothly. The Chinese Communist Party and the Central People's Government of the Chinese People's Republic are presently switching over to peaceful economic reconstruction.

Question: How long will you be staying in Soviet Russia, Mr. Mao?

Answer: I intend to stay for a few weeks. The length of my sojourn in Russia will be partly determined by the time required for the solving of various questions relating to the interests of the Chinese People's Republic.

Question: Can you tell me what are the problems you are considering?

Answer: Among the problems I am considering may be mentioned the existing Sino-Soviet Treaty of Friendship and Alliance, the USSR's loan to the Chinese People's Republic, trade and the trade pact between the two countries and others. In addition, I am thinking of visiting a number of cities and localities in Soviet Russia in order to gain a better understanding of economic and cultural construction in Soviet Russia.

* * *

India Recognizes China

ALTHOUGH the text of the official announcement is not yet to hand, it is learned from various sources that the government of India has

recognized the Central People's Government of China.

India is thus the first country of the British Commonwealth to enter into diplomatic relations with the Chinese People's Government. Recognition was extended on December 30, according to reports from New Delhi.

On December 30, the Chinese Nationalist regime recalled its diplomatic mission from New Delhi following India's announcement of her recognition of the Chinese People's Government, New Delhi reports say.

Earlier that day India's External Affairs Ministry said: "The government of India has intimated to the new government of China its willingness to establish diplomatic relations with it."

* * *

Repudiation of Tsiang

ON December 29 the Soviet Union served notice to the Security Council of the United Nations that it did not regard the Chinese Nationalist delegate, Dr. T. F. Tsiang, as empowered to represent the Chinese people on the Council.

M. Jacob Malik, the Soviet delegate, made the statement to the Council at the opening of its scheduled meeting on the Kashmir question.

The Chinese People's Government has already told the United Nations that it did not recognize the legitimacy of the status of the delegation headed by Dr. Tsiang.

M. Malik said the Soviet Union had supported this action by the Chinese People's Republic in the General Assembly.

"The Soviet Union delegation in the Security Council for its part, in supporting the statement of the Chinese People's Republic, wishes to declare that it will not regard the Kuomintang delegate, Dr. Tsiang, in the Security Council as the representative of China and does not consider him empowered to represent the Chinese people in the Security Council," M. Malik said.

Dr. Tsiang is due to take over the presidency of the Council on January 1.

* * *

US Taiwan Policy

THE United States Joint Chiefs of Staff plan to visit Japan early in February, the Defense Department announced in Washington on December 30.

The announcement came as American attention was being turned towards the defense of the island of Taiwan. Making the trip will be General J. Lawton Collins, Admiral Forrest P. Sherman, Air General Hoyt S. Vandenberg and General Omar Bradley, Chairman of the Joint Chiefs of Staff.

Meanwhile, American press reports suggest that a decision to give all aid short of war to the Nationalists on Formosa is being discussed by the National Security Board of the United States Government.

The Republican Party is known to be loath to "write off" the Nationalist remnants.

General MacArthur, in Japan, is credited with the view that Taiwan must not be lost to the People's Liberation Army because this would outflank American military positions in Japan and Okinawa.

Mr. Louis Johnson, Secretary of Defense, has tended to support this view, say New York reports, but the Joint Chiefs of Staff, while conceding that Taiwan was strategically important, have tended to argue that it could not be held without an eventual risk of war or at least a rebellion by the people of Taiwan.

Meanwhile, the Nationalist remnants on Taiwan expect to receive "substantial quantities" of arms from the United States in the coming months, the Nationalist embassy said in Washington on December 30.

London reports say that should suggestions of a changed American

Chinese Papers Say:

Professional beggars and pickpockets a heritage from the past, being rehabilitated in production training centers for manual or mental labor.

COMMENTING on the order received by the local Public Security Bureau to undertake the reformation of professional beggars and pickpockets, the *Ta Kung Pao* of December 24, 1949 points out that a total of 5,000 persons have already been given asylum in one of Shanghai's following centers—labor production training center, children's labor production training center, women's training center, or in the training center for the disabled. At these centers food, clothing and shelter are provided as well as education which is designed to help these people realize "the true significance of labor."

There are no beggars or vagrants to be found in the liberated Northeast, and in Peking and Tientsin it has been reported that recently beggars there have been turned into working people.

"How is it," asks the article, "that only the Communists can succeed in such a thing? The reason is perfectly simple," the article goes on to say, "namely, because the prevailing new social order is fundamentally different from the old social order of pre-liberation days. Within the old social order, the imperialists together with their agents, the feudal elements, were able to do whatever they pleased. When a minority was able to enrich themselves by exploiting and oppressing the majority, unemployment and poverty were bound to be ever on the increase among the teeming millions of the urban and the rural districts. With the exception of a small percentage of people who voluntarily degrade themselves by refusing to work, the preponderant part of existing beggars and vagrants are obviously the unavoidable product of the irrational old social order. It is safe to say that, as long as the old social order exists, it will keep on turning out greater numbers of beggars and vagrants.

"In the pre-liberation days, relief had been carried out every year but the number of beggars and vagrants had also been ever on the increase. Accordingly, relief became a part of the regular program, and it never succeeded in getting anywhere."

The article goes on to point out that today things are different for with the successful liberation of China under the guidance of the Communist party, "the Chinese people are finally on their feet" having overthrown the yoke of imperialism and feudalism. Now the task before the country "is to heal the left-over ravages of the bygone days and to nurse the sickly society back to health." And the reformation of beggars and vagrants is one aspect of the work necessary for healing the old ravages and nursing society back to health.

The basic principle of the new social order is outlined as "everyone works and everyone is provided for." One has to engage "either in manual labor or mental labor or one is cut off from society," continues the article. "The Communists are the first to recognize the true significance of a social order built on labor, and everywhere they do their best to set an example by practicing what they preach. They are sincerely hoping for and working for a social order wherein every one works for the reconstruction of New China. In this sense, the accommodation and reformation of beggars and vagrants in order to restore as well as to develop their ability for production is in full conformity with the fundamental principle of 'everybody works.'"

The article goes on to warn that in the course of implementing this policy, various difficulties are bound to come up, but these are considered to be of a technical rather than policy nature. An example of the type of difficulty being faced is in the case of the organization of local professional beggars—the organizers behind these beggars include many exploiters of the poor who under the old social order worked with the reactionaries, points out the article. The Bureau of Civil Affairs has warned these bad elements to mend their ways and if they do not, they will be punished.

In conclusion the article states: "It is only by following a set of fundamental principles based on the true interests of the people that 'ghosts shall be turned into human beings in the new society.' The present care and reformation of beggars and vagrants is concrete proof of the soundness of our policy."

Chinese Magazines Say:

The sale of Victory Bonds will help to balance the 1950 budget, keep down commodity prices and prevent currency depreciation in China.

THE government's decision to issue Victory Bonds follows a careful analysis of "the reasons, nature and future of the current inflationary trend," writes Lou Lih-tsai in *Shih Chieh Chih Shih* (World Culture) of December 9 and provides "a concrete way" towards price stabilization and the balancing of the 1950 budget.

He comments that the fact that a degree of inflation still obtains in liberated China puzzles those people who had naively expected that with the liberation all such troubles would automatically cease. They show no understanding of the objective facts of the economic situation with which the new government has to deal, and "the difficulties which must be encountered on the road to final victory."

What are the basic factors leading to commodity price increases? he asks, and quotes Vice-Premier Chen Yun as saying: "With the continuous victory of the People's Liberation Army and the increase in the extent of the liberated areas, the government's financial commitments have been correspondingly increased. There are already more than 7,000,000 military, administrative, functionary and educational personnel on the payroll of the state, and this number will be further increased in 1950. The revenue collections in 1950, however, will fall considerably short of the expenditures."

In the old liberated areas which have suffered long from the war, the people are still giving large quantities of food and other material supplies to support the front and the needs of the newly liberated areas. In the latter districts, the collection of food contributions is not yet universally extended. Because the military operations have only recently ceased, the bandit elements still in hiding have to be wiped out, repairs are needed for the railways, and the interflow of supplies between urban and rural areas has yet to be developed, revenue collections in the cities and rural districts are still not fully restored to normal. All these lead to a deficiency in the government's budget which must, for the moment, be made good by currency issue. This is the main cause leading to the depreciation of currency value and the soaring of prices.

It will be seen, therefore, Lou Lih-tsai points out, that this situation is temporary, and can and will be brought under control "with the establishment and consolidation of the revolutionary order in all parts of the country...

"Another factor contributing to the soaring of prices is to be found in the universal scarcity of material supplies in the country as the result of the long-term exploitation and oppression of the people's productive enterprises by the imperialists and the Kuomintang bandits. To cope with this situation the only measure is to increase production efforts so as to increase the supply of material resources. For this reason, in spite of financial stringency the government has allotted, out of the 1950 budget, 23.9 percent of expenditure for the financing of reconstruction enterprises. The Finance Minister has . . . called upon all state employees to economize in every possible way to enable the successful allotment of the funds needed for reconstruction. . . . Furthermore, Chairman Mao has, on December 5, issued a directive to the rank and file of the People's Liberation Army not in active combat service to participate in agriculture, husbandry, fishery, conservancy and handicraft enterprises to boost production. They are to contribute to the accumulation of national wealth with their labor service, thus assisting the people throughout the whole country in the fight to overcome the difficulties left behind by the war."

"The year 1950," the writer states, "will prove to be of the greatest significance . . . Commitments for military expenditure and for the upkeep of various classes of government employees may exceed those for 1949, as the liberation of the Southwest, Hainan and Taiwan get underway. Financially, then, 1950 will prove a most difficult year, in which the budgetary deficiency will be considerable. According to the budget adopted by the Government Council (December 2, 1949) revenue receipts will amount to only 81.3 percent of expenditures, so that there will be a deficit of 18.3 percent. Of this deficit, about three-fifths will have to be made good through currency issue, while slightly less than two-fifths will be taken care of by the Victory Bonds in terms of parity units."

In asking for the loyal support of the people for the Victory Bonds, Vice-Premier Chen Yun had clearly explained: "The bonds are to make good a portion of the budgetary deficit. In the present circumstances of economic hardship throughout the country the bonds also represent a form of burden upon the people. But such a burden is better than the sufferings they would have to undergo through a larger currency issue and currency depreciation."

policy towards the Nationalist remnants prove correct the possibility of a common Anglo-American policy towards China would seem more remote than ever. London reports also say that British recognition of the People's Government of China is expected within a week.

* * *

Japan Shipping, Trade

IN Tokyo on December 27, General MacArthur gave news of major developments in Japan's trade and shipping position. These announcements covered Japan's merchant fleet, the business activities of foreign residents in Japan, Japanese imports and foreign exchange.

MacArthur announced the allocation of US$240,000,000 worth of counterpart funds to Japan in rebuilding her merchant fleet. This amount will be released from the yen proceeds of the sale of US aid supplies.

Japan in 1950 will build new ships totalling 275,000 tons and convert 272,000 tons of non-standard vessels to ocean-going vessels, to meet the international standard.

The US aid will finance 50 percent of new building and 70 percent of the cost of conversion of 29 non-standard vessels.

From January 1, General MacArthur's headquarters announced, all Japanese imports will be handled by private traders.

The control of Japan's foreign exchange will be immediately given to the Japanese Government.

To facilitate trade the Bank of Japan, acting as agent for the Japanese Foreign Exchange Control Board, will take over a sum equivalent to about £24,000,000 in dollars and sterling, the official announcement said.

This is the final step in returning Japanese trade to private business, it was explained.

The Japanese Government will shortly issue a decree, under General MacArthur's direction concerning the business activities of foreign residents.

The decree, which will be effective immediately, will permit the Japanese Government, under the supervision of General MacArthur's headquarters, to take applications from foreign residents for permission to engage in Japan in the banking, insurance, transportation and public utility enterprises and in professions such as law and medicine. Other business activities have also been designated.

* * *

Recognition of Franco

SENATOR Tom Connally, Chairman of the Senate Foreign Relations Committee, told a press conference in Washington on December 29 that he was in favor of United States recognition of the Franco government of Spain.

He said that he had no sympathy with Franco, but that the country occupied a strategic point in Europe. "I think it would be to our best ad-

vantage to have an ambassador in Spain to look after our interests," he said.

Recognition of Spain was a matter for the President and the State Department to consider, and he did not think that the recognizing of Spain should be legally binding on the United States.

* * *

Hongkong Tram Strike

Hongkong was still without a tram service on January 4, with neither the management nor the striking workers making any concrete moves for a settlement.

The Hongkong Tramways Company on Tuesday evening informed the workers union that dismissed conductors, motormen and gatemen may apply for reemployment provided they abide by the terms of service.

Workers were also told they could draw their weekly wages as usual next Friday provided they hand in their uniforms and equipment if they decide to leave the company.

The management, referring to a workers' suggestion that the dispute should go before a mediator, said the company had already indicated its willingness to submit the case to an arbitration board, and it stood by that offer.

An official of the company told the press that not a single application for reinstatement had been made, nor had any dismissed workers turned in their uniforms.

The official said it was not intended to attempt to operate a service while the situation remained as it is today, but ultimately the company may consider advertising for workers to enable a resumption of the tram service.

A Chinese newspaper, however, said the Tramway Company was "sympathetically" considering strikers' suggestions for mediation by leading civic leaders of the Colony approved by the management, labor and the Hongkong Government.

* * *

Official News Ruling

THE tenth meeting of the State Administration Council passed a decision on December 9 on unified release of news pertaining to the Central People's Government.

Provisional regulations governing the unified release of government news state that this measure is to ensure truthful and responsible reporting. According to the decision of the State Administration Council, the *New China News Agency*, the official news agency of the People's Republic of China, is the sole organ for releasing all proclamations and decisions of the Central People's Government Council, the State Administration Council, the People's Revolutionary Military Council, the Supreme People's Court and the People's Procurator-General's Office. It is also the sole organ for releasing important news concerning the state, such as news of government meetings, explanation of decrees, summing up of work and diplomatic events.

The China Information Bureau of the Press Administration will handle all news concerning the Central People's Government and its subordinate organs for release to foreign newspapermen.

The Week's Business

Local markets continue steady; Victory Bond campaign getting underway; East China trading companies undergo reorganization.

THE last week of the year 1949 witnessed a quiet financial and commodity market. Tradings were normal, while the money situation, in contrast to the abnormal phenomenon of the past year, was steady.

The price of sugar went up by 10 percent during the week, but other quotations registered only fractional gains. The average wholesale commodity price index for the week recorded a mild increase of 3.24 percent.

Although the three-day New Year holidays prompted active buyings during the several days before December 31, the volume of tradings during the week averaged an increase of less than 10 percent in comparison with the previous week. This phenomenon, normal by all aspects, indicates the degree of confidence which the people have in the Government's control of commodity prices.

The Victory Bond campaign is moving full swing in the city. According to a direct issued by the State Administrative Council of the Central People's Government on the first issue of the People's Victory Bonds, 100 million units of the bonds are to be made available to the public on January 5. The directive points out the following salient feature of the bonds:

1) The bonds are issued on the basis of nationwide victory and they are guaranteed to be redeemed with interest;

2) The bonds are comparable to fixed deposits;

3) The bonds bear an annual interest of five percent; and

4) They begin to be redeemable after one year, and are completely redeemable in five years.

Prospective buyers of the Victory Bonds, this directive explains, are to include mainly the industrial and commercial enterprises in cities, the rich people in urban and rural areas and the retired former government officials. The peasants in the old liberated areas, who underwent untold hardships during the prolonged war and gave 20 percent of their total output in 1949 for public food, cannot be asked to buy the bonds, but they are welcome to buy small amounts if they are willing to. Workers, office employees, students, public functionaries and employed people in cities are also urged to buy whatever bonds they can on a voluntary basis.

Of some 45,000,000 units of the first issue of the Victory Bonds scheduled for the East China District, Shanghai's quota is 30,000,000 units, Vice-chairman Tseng Shan of the East China Military and Administrative Committee told members of the Committee at a conference on January 3. The 45,000,000 units of the Victory Bonds for subscription by East China have been alloted as follows:

Shanghai	30,000,000	units
South Kiangsu	4,000,000	„
North Kiangsu	1,250,000	„
North Anhwei	1,200,000	„
South Anhwei	400,000	„
Shantung	4,000,000	„
Chekiang	4,000,000	„
Nanking	500,000	„
Fukien	1,000,000	„

The quotation of the unit of the Victory Bonds for the first ten days of January has been set at JMP14,055.

The Cooperative and Savings Department of the People's Bank has been taking measures to encourage parity deposits, which to date have absorbed a considerable amount of the New Year bonus released to the salaried class of Shanghai. This also is helping to maintain the stabilized prices in local commodity markets.

As the market has become normal again, the People's Bank resumed its business on the documentary transfer of funds last Wednesday in order to intensify the interflow of supplies. The Joint Loan Syndicate has also released some JMP4,280,000,000 of loans to various local factories.

With the advent of the new year 1950, a reorganization has begun among the trading organs of the East China district. Various government trading offices will concentrate on special lines of business, shouldering their duty of regulating the market and controlling supplies.

Eighteen special companies have been formed up to the present time, including the East China Coal Corporation, the Shanghai Trade and Trust Company, the Shanghai Food Company, the Shanghai Cotton, Cotton Yarn and Cotton Cloth Company, the Shanghai Daily Necessities Company, the Shanghai Chemical Raw Materials Company, the Shanghai Animal Products Company, the Shanghai Native Products Company, the Shanghai Dyestuffs Company, the East China Foreign Trade Company, the China Silk Company, the China Tea Corporation, the China Vegetable Oil Company, the China Hog Bristle Company, the China Bus Company, the China Petroleum Company, the China Pharmaceutical Products Company and the China Hardware and Metal Goods Company.

Quotations

Following is a listing of representative commodity prices for the past week:

	Dec. 28 JMP	Jan. 4 JMP
Parity Unit	3,019	3,054
US dollar (note)	18,500	18,500
20's yarn	3,170,000	3,250,000
12-lb. cloth	136,000	140,000
Rice, 1st grade	134,000	142,000
Peanut oil	300,000	320,000
Coal briquette	21,500	21,500

The Review's English Lesson CXIII

American Writers Ernest Hemingway

Ernest Hemingway has had perhaps more influence upon American writing during the past 20 years than any other writer. His training in journalism and his absorption in all kinds of experience contributed to his realism, and his conscious attempt to perfect his style succeeded to an extent that can be estimated by the long list of his imitators. E. E. Cummings, in his "The Enormous Room," suggested that the individual, during the first World War and the post-war period, amid the horror of war and its futile aftermath, was merely the butt of a cruel and stupid joke. Hemingway, in his "Farewell To Arms" and "The Sun Also Rises" carried out this theme and expanded it. To it, he brought his mastery of spare, direct, natural English prose, a very great artistic talent. His narrowness of insight into the world is measured by the fact that his characters, faced by brutality and futility, are most often people to whom things are done. They try to get what they can out of life, to avoid extinction, and what they get is usually very little.

In "The Sun Also Rises," this theme of futility is shown through a group of expatriates: a nymphomaniac English lady; a bankrupt Englishman; a proud, sensitive, but too romantic American writer, who is defeated and crushed by the lady, with whom he falls in love; a happy-go-lucky American drunk; and the teller of the story, also in love with the lady, but a war wound has made him impotent. These people are all brought to Spain, and during the bull fights we see that the really admirable character is the toreador, who risks death and achieves a moment of grace and beauty—the great positive value in a brutal and meaningless world.

Lady Brett Ashley and Jake, the "I" of the story, are in love, but that is hopeless, and she is to marry the bitter, drunken bankrupt; but before his arrival in Paris, she goes off with the American writer. Through this, Jake, realizing the futility of his own love for her, nevertheless cannot forget it; and Brett's entanglements continue to wound him. She finally goes off with the toreador, but leaves him when she realizes she would ruin him—the one unselfish action in the book.

The following quotation gives some idea of Hemingway's style. Jake is musing about Brett:

> Women made such swell friends. Awfully swell. In the first place, you had to be in love with a woman to have a basis of friendship. I had been having Brett for a friend. I had not been thinking about her side of it. I had been getting something for nothing. That only delayed the presentation of the bill. The bill always came. That was one of the swell things you could count on.
>
> I thought I had paid for everything. Not like the woman pays and pays and pays. No idea of retribution or punishment. Just exchange of values. You gave up something and got something else. Or you worked for something. You paid some way for everything that was any good. I paid my way into enough things that I liked, so that I had a good time. Either you paid by learning about them, or by experience, or by taking chances, or by money. Enjoying living was learning to get your money's worth and knowing when you had it. You could get your money's worth. The world was a good place to buy in. It seemed like a fine philosophy. In five years, I thought, it will seem just as silly as all the other fine philosophies I've had.
>
> Perhaps that wasn't true, though. Perhaps as you went along you did learn something. I did not care what it was all about. All I wanted to know was how to live in it. Maybe if you found out how to live in it you learned from that what it was all about.

The short, direct, simple sentences echo like blows of a hammer. They reflect perfectly the rhythms of speech, or, in this case, the troubled thoughts that keep Jake awake. The passage also gives in a short space an idea of Jake's cynical outlook—his "philosophy" is limited to a conception of buying satisfactions, getting his money's worth, and paying the bill without complaint. Furthermore, Jake realizes himself that this attitude is pretty poor: "In five years, I thought, it will seem just as silly as all the other fine philosophies I've had."

The language is so close to ordinary everyday speech that few expressions should cause trouble. "Swell" is a slang word for good, fine, wonderful. The colloquial "you" is often used instead of the more stiff and formal "one," to mean anyone, any individual person. "Her side of it:" how she considered the relationship, what benefit she got out of it. "That was one of the swell things:" Jake ironically says that one of the dependable things in a chaotic world was that one had always to pay the bill. "The woman pays and pays and pays:" in western bourgeois society, women are considered weak, defenseless creatures who, in their relationships with men, always get the worst of the bargain. "Enjoying living. . . :" to enjoy living, you had to learn to get your money's worth (get good bargains), and furthermore, you had to learn to know when you did get a good bargain. "The world was a good place to buy in:" this example of a "dangling participle" would shock the strict grammarians, who would insist that the sentence should read, "The world was a good place in which to buy;" but the original sentence is much less formal and much closer to everyday speech. In the last paragraph quoted, "it" refers to the world; Jake doesn't care what the world means;—all he wants is to "get by," to live with as little pain and as much enjoyment as possible—maybe that is all the meaning life has.

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